

No. 77.

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

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AMERICAN CONSULATE

Tainan, China, December 9, 1940.

SUBJECT: CULTIVATION, SALE AND USE OF OPIUM
IN THE TAINAN CONSULAR DISTRICT.

THE HONORABLE
THE SECRETARY OF STATE
WASHINGTON

SIR:

I have the honor to acknowledge the receipt of the
Department's instruction of August 27, 1940, file 893.114/
Narcotics, enclosing a photostatic copy of an item which
appeared in the August 19, 1940 edition of the Christian

~~reference~~

Science Monitor, concerning the cultivation of the opium poppy in North China. The Department desires to receive from this office any information on this subject which may become available from time to time.

In as much as, under instructions from the Embassy, the narcotic situation in the various consular districts is dealt with briefly in the Monthly Political Reports prepared by consular offices in China and in view of the meagerness of the information available locally on the subject, this office has not recently submitted any separate reports in the premises but has merely included such data as has come to its attention in its Monthly Political Reports (copies of which are regularly sent to the Department).

The information which has become available to the Consulate, however, and which has been included in its Monthly Political Reports during the current year, tends in general to substantiate the statements made in the article published by the Christian Science Monitor. For convenient reference, the pertinent sections of the reports in question are quoted below:

Monthly Political Report for March 1940:

"Aside from the 'face-saving' feature of the gesture, the 'Provincial Government's' order, issued in March, prohibiting the cultivation of the opium poppy is apparently designed merely to facilitate the collection of 'opium cultivation taxes' on land used for growing poppies by providing the tax collectors with the necessary legal weapon with which to enforce their demands. The order does not abolish the 'opium cultivation tax' of local \$48 per acre, nor does it affect the importation, sale and use of opium under a license-taxation system."

Monthly Political Report for April 1940:

"The quasi-official press recently carried an article from which the following is extracted:

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'As a result of investigation it has been found by the Provincial Government that in spite of repeated instructions prohibiting the cultivation of opium poppies the area under cultivation has actually increased over that of last year. For the fundamental suppression of opium cultivation new regulations governing the procedure for such suppression have been drafted and circulated among the various Magistrates.... It is to be understood that the action taken is not an attempt at the raising of funds or the increase of tax collection but a measure for the extirpation of the opium evil.'

The last sentence quoted above reminds one of the proverbial small boy's denial of having stolen the plums before being accused thereof.

"Foreign travellers report that the cultivation of opium poppies is confined very largely to the Japanese-controlled areas of Shantung, in addition to which information reference is made to the comment contained on page 8 of this office's Monthly Political Report for March 1940."

Monthly Political Report for May 1940:

"Latest reports indicate that the only flourishing crop in the district is the opium poppy. An American resident in Tsining, Shantung, reports:

'Only one crop is in good shape, and that is the poppy plant for opium. I have never seen so much of it in all my years in China put together as we see this year. Our city is surrounded with it, even to inside the suburb walls. Throughout the country, wherever one turns, one sees the fields in full bloom. It is all irrigated and hasn't suffered from the drought.'

From Weihsien, on the Tsingtao-Tsinan Railway, comes the following report from an American source:

'I know the poppy is being extensively cultivated.... I have seen that with my own eyes.'

"It is reliably reported that because of severe criticism in Chinese circles the puppet Governor has seriously tried to curb the cultivation of opium, but that he was opposed (and it goes without saying, successfully) by the Special Service Section of the Japanese Army. That the Japanese military are partial to opium addicts in the selection of puppet officials is obvious from the number of smokers of 'big tobacco' now holding public office.

"It is further reported that new measures encouraging the cultivation of the opium poppy and providing for the payment of taxes in connection therewith have been devised by the Hsin Min Hui and that they will be carried into effect in the near future."

Monthly

Monthly Political Report for June 1940:

"The following is a free translation of an article which appeared in the June 28th edition of the quasi-official SHENKUNG HSIEN KIN 1940:

"For the extermination of the opium poppy in the various districts, stern regulations have been prescribed and promulgated to the people through the magistrates. Officials have also been dispatched to the various districts to conduct personal investigations and report in cooperation with the magistrates. On June 22nd a meeting of the investigators was held at the Provincial Government Headquarters, at which they reported that aside from the poppies destroyed, those remaining were withered from drought. Being poor farmers, the growers were not in a position to replace the poppies under cultivation with other crops and were not deliberate in infringing the regulations. Such being the case, the growers of opium poppies voluntarily reported their illegal pursuits and implored the authorities to reduce the penalties, pledging that their misdemeanor would not be repeated next year. In the light of the above situation and as a result of discussions with the parties concerned, it was believed that if a fine of \$500 to \$800 per mu were to be imposed in accordance with the prescribed regulations, it would be exceedingly difficult for the people to bear the burden. Consequently, a reduction of the fines was recommended.

"Under the above-mentioned circumstances Governor T'ang made the proposal that a fine of \$100 be imposed on the growers of opium poppies for each mu of land where the poppies had not been destroyed. Officials would be dispatched again to conduct a second investigation. In case opium poppies secretly cultivated and not reported to the authorities were discovered, a fine of \$300 would be imposed on the growers for each mu of land and the competent magistrate would be punished appropriately. The proposal was passed by the 153rd Political Council and will be promulgated through the magistrates. If growers of opium poppies are discovered next year they will be punished in accordance with the 260th article of the Criminal Code.'1

(1. Article 260 of the Criminal Code provides for deprivation of civil rights as punishment for certain offenses.)

"This reduction of 'fines' for the cultivation of the opium poppy from local \$500 to \$800 per mu to local \$100 to \$300 per mu would seem to be an encouragement to growers of the plant. It is not believed that any serious effort to curb or to prevent the cultivation of the opium poppy is likely to be made by the Japanese-directed 'Provincial Government' next year or at any time during its reign. It is significant that, according to foreign observers, the poppy is not extensively grown outside the Japanese-controlled areas of this consular district."

Monthly

Monthly Political Report for August 1940:

"A local foreign businessman estimates the volume of opium sales in Tainan at FHB \$5 million monthly. This drug is being consumed by the middle and upper classes, as it is priced beyond the means of the average coolie (or laborer). But even the latter may have his own narcotic thrills ~~if such they had~~, since he is able to obtain at prices within his means heroin and other drugs, on the sale of which the livelihood of hundreds of Japanese and Korean residents of this city is wholly or partially dependent."

Monthly Political Report for November 1940:

"The following information and comment on the opium situation in Shantung was obtained from a reliable source:1

Amount of opium taxes collected by Tainan authorities during the period January 1 to November 30, 1940	FHB* \$262,057.27
Number of shops selling raw opium in Tainan and elsewhere in Shantung, excluding Tsingtao and Chefoo	29
Number of shops selling opium paste in Tainan and elsewhere in Shantung, excluding Tsingtao and Chefoo	198
Quantity of raw opium imported at Tainan from Peiping during first 11 months of 1940, expressed in <u>shih</u> ounces**	246,116
Quantity of raw opium imported at Tainan from Tientsin during first 11 months of 1940, expressed in <u>shih</u> ounces	21,182
Quantity of raw opium imported at Tainan from the various districts in Shantung during first 11 months of 1940, expressed in <u>shih</u> ounces	71,440
Current price paid for raw opium imported from Peiping or Tientsin per <u>shih</u> ounce,, FHB \$25.00	
Current price paid for raw opium imported from various districts in Shantung per <u>shih</u> ounce	FHB \$20.00
*Federal Reserve Bank \$1.00 equals U.S. \$0.0777.	
**1 <u>Shih</u> ounce equals 1.102 ounces avoirdupois.	

"Governor' T'ang's opium-suppression policy, in which he is said to be sincere, has proved a failure. The Consolidated Tax Bureau here has been instructed by the 'Opium Suppression Bureau' in Peiping (a branch of which will be established in Tainan on January 1, 1941) to issue decrees permitting the people to plant opium free from interference. Out of consideration for the 'Governor's' 'face', these decrees were not issued

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in as much as his so-called opium-suppression policy lacked the approval of the Japanese and consequently never got beyond the talking stage.

"Now that the 'North China Opium Association' has been established in Peiping, all the shops selling opium in Tsinan are to be reorganized and incorporated into that Association (or monopoly). The local shops are to contribute YRB \$1,100,000 as capital investment in the Association, of which YRB \$550,000 has already been remitted."

~~Information on the narcotic situation which may become available to this office in the future will form the subject of separate despatches to the Department.~~

Respectfully yours,

Carl O. Hawthorne,
American Vice Consul.

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CCH:KCC/kcc

Original and 4 copies to Department.
Copies to Embassies, Peiping and Chungking.

